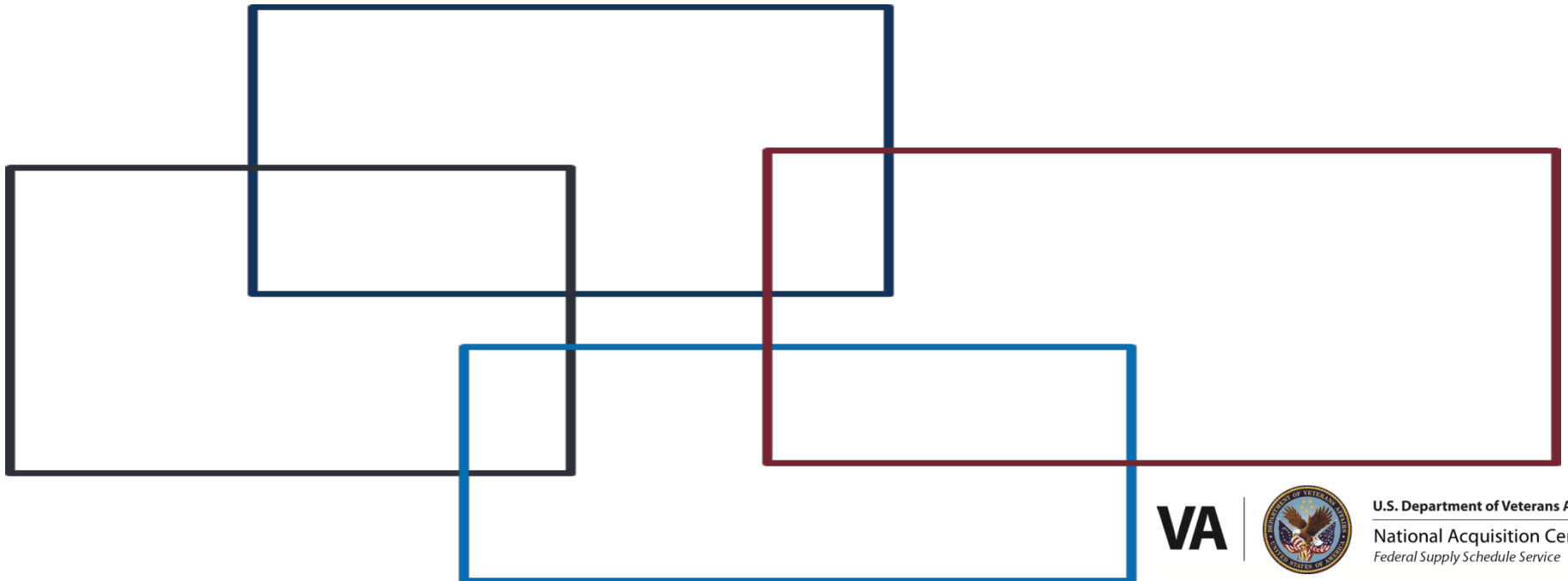


# Small Business Subcontracting Plan Preparation



**VA**



U.S. Department of Veterans Affairs  
National Acquisition Center  
*Federal Supply Schedule Service*

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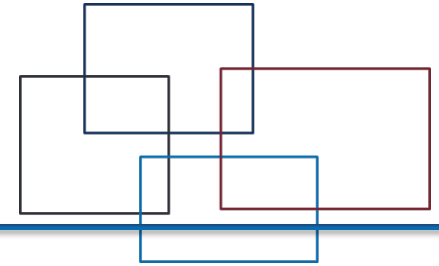
1. Legal Overview
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# 1. Legal Overview



U.S. Department of Veterans Affairs  
National Acquisition Center  
*Federal Supply Schedule Service*

# Who Must File a Plan?



Per FAR 19.702, there are three tests. Plans are required for all contracts

- 1) with an estimated value over \$650,000 (for the full contract term, including options),
- 2) with further subcontracting opportunities, and
- 3) when the contract holder is a large businesses.

# Legal Resources

## **FAR 52.219-8**

Utilization of Small Business Concerns

## **FAR 52.219-9**

Small Business Subcontracting Plan

## **FAR 52.219-6**

Liquidated Damages – Subcontracting Plans

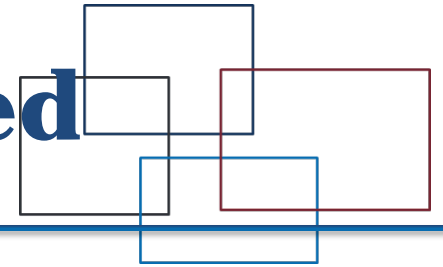
## **FAR 19.7**

The Small Business Subcontracting Program

## **Public Law 95-507**

The Small Business Act

# Legal Resources - Continued



## **GSAR 552.219-71**

Notice to Offerors of Subcontracting Plan Requirements

## **GSAR 552.219-72**

Preparation, Submission, and Negotiation of Subcontracting Plans

## **13 USC 121**

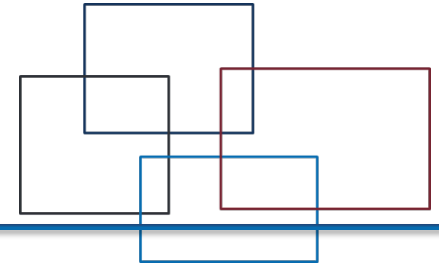
Small Business Size Regulations

## **13 USC 125**

Government Contracting Programs

## 2. Commercial vs. Individual Plans

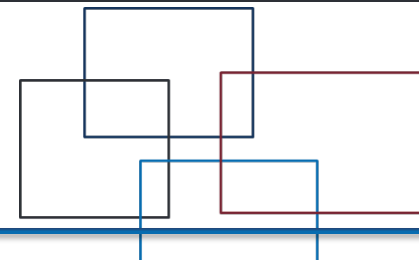
# FAR 52.219-9(g)



“A commercial plan **is the preferred type** of subcontracting plan for contractors furnishing commercial items. The commercial plan shall relate to the offeror’s planned subcontracting generally, for both commercial **and** Government business, rather than solely to the Government contract.”



# Plan Type Comparisons



	Commercial Plans (Division & Company-wide)	Individual Plans
Plans (goals)	Submitted annually	Submitted for the entire performance period
	Goals can be adjusted <b>annually</b> based upon your company's current climate	Goals are set for the <b>entire</b> performance period and cannot be changed
	Includes <b>all</b> large and small business spend	Includes <b>only</b> dollars spent in support of the VA contract
	One signed plan can be used for all government contracts	Must have a separate individual plan for each government contract
eSRS Reports (actual results)	Submit annual SSR (due by October 30 <sup>th</sup> ) and Year-End reports	Submit annual SSR (due by October 30 <sup>th</sup> ) and Year-End reports
		Also submit biannual ISR (due by March 30 <sup>th</sup> and October 30 <sup>th</sup> )

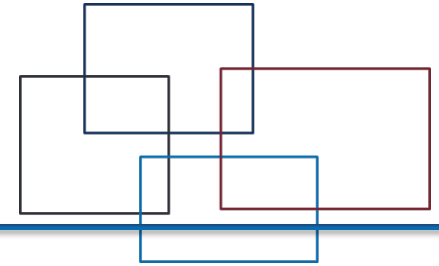
# 3. Plan Components

# Subcontracting Plan Period

- Per FAR 52.219-9(b), the plan period for commercial plans must coincide with your company's fiscal year.
- Prior to the approval of an **initial** plan, the dollars will be pro-rated and the start date adjusted so that the initial plan starts with the contract award date and ends with the company's fiscal year-end (e.g. October 1, 2011 – December 31, 2012, a 15-month period).

**SUBCONTRACTING PLAN PERIOD:**

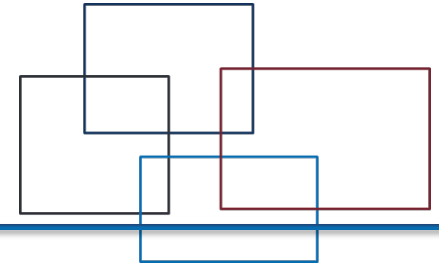
# 1) Type of Plan



- Select a) Individual, b) Commercial Division-wide, or c) Commercial Company-wide.
- For all plan types, you must list the **total value of projected subcontracts**. This is your company's total “spend”, which includes spend with both **large and small** businesses.
- For commercial plans, you also need to include your total projected sales for the period and calculate the requested percentage, per FAR 52.219-9(d)(2)(i).

Total projected sales	\$	<input type="text"/>
Total value of projected subcontracts (both large and small businesses)	\$	<input type="text"/>
(Subcontracts Represent <input type="text"/> % of Total Annual Sales)		

## 2) Goals



- You must state separate dollar and percentage goals for small businesses and **each** subcategory.
- You may not have a 0% goal for any category
- The calculated percentage for each category is based upon **the total available subcontracting dollars** that you listed in the previous section. For example, HUBZone dollars of \$400,000 ÷ Total Subcontracting dollars of \$2,500,000 = 16%.
- All small business dollars count once in the Small Business category and can count multiple times in the subcategories. For example, a \$500,000 subcontract with a small, veteran, woman-owned business would count in all three categories.

c) Total estimated dollar value and percent of planned subcontracting with service-disabled veteran-owned small businesses (SDVO) (Note: This is a subset of veteran-owned):

\$  and  %

# 3) Products and/or Services

- You must list the types of products and/or services that will be subcontracted to large and small businesses, and you must list the SB categories separately.
- You must propose something for **every** category.
- Do not just list the same things for each category. You should be examining each category independently.

## 3. PRODUCTS AND/OR SERVICES

The types of products and/or services to be subcontracted are:

LB:

SDB:

SB:

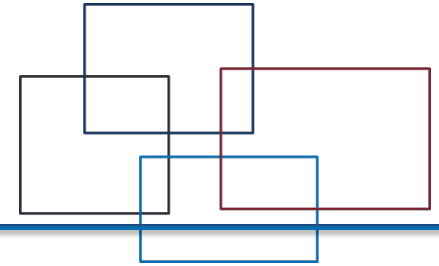
WO:

VO:

HUB:

SDVO:

## 4) Goal Development



This question asks how you actually arrived at the dollar/percentage goals that you are proposing. Are your goals based on

- Historical data, previous spend history
- Projected forecast based upon current year's data
- Projected goals based on experience, business forecasts, & commitment to improvement, etc.

### **4. GOAL DEVELOPMENT**

The following method was used in developing the subcontracting goals:



## 5) Identifying Potential Sources

As identified in FAR 52.219-9(d)(5), this question is asking about specific resources you are using to find small businesses, such as

- SBA Dynamic Small Business Search (DSBS, <http://dsbs.sba.gov>)
- VetBiz.gov
- Women's Business Enterprise National Council ([www.wbenc.org](http://www.wbenc.org))
- National Minority Business Council ([www.nmbc.org](http://www.nmbc.org))
- National Assoc. of Small Disadvantaged Businesses (<http://nasdb.org>)

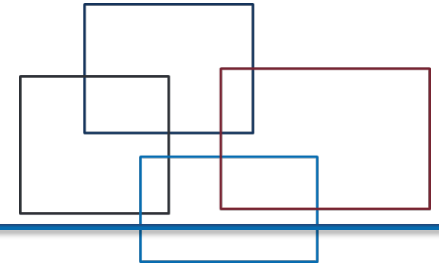
### 5. IDENTIFYING POTENTIAL SOURCES

The following methods were used to identify potential sources for solicitation purposes (See FAR 52.219-9(d)(5) for examples of methods that may be used.):





## 6) Indirect Costs

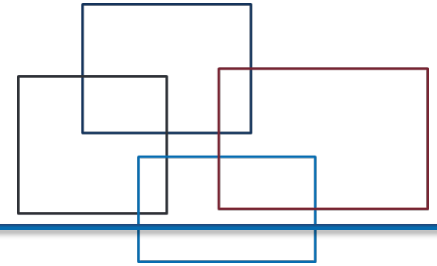


- You **must** choose “have” or “have not been” included. Even commercial plans are given a choice per FAR 52.219-9(d)(6).
- If you have a commercial plan type (not an individual) and choose “have been”, you do not need to determine a proportionate share. Commercial plans that choose to include indirect costs apply them at 100%.

### 6. INDIRECT COSTS

Indirect costs ☐ have ☐ have not been included in the dollar and percentage subcontracting goals stated above. (Check one.)

# 7) Program Administrator



- The individual you list here will be the individual contacted by us for all subcontracting plan and eSRS issues, including instructions, reminders, etc.
- Be sure to be specific and comprehensive when listing duties.

## 7. PROGRAM ADMINISTRATOR

The following individual will administer the subcontracting program:

NAME:

TELEPHONE:

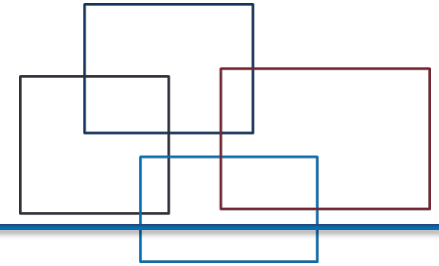
TITLE:

E-MAIL:

ADDRESS:

This individual's specific duties, as they relate to the firm's subcontracting program, are as follows:

# 8) Equitable Opportunity



In this section you will outline your company's internal and external proactive efforts. This goes a long way towards showing that your company is making a "good faith effort". Some examples include

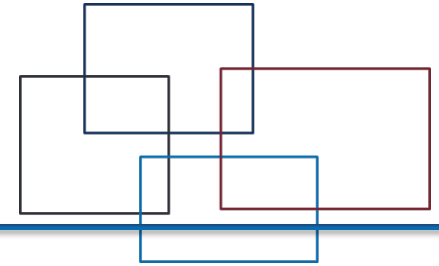
- Contacts w/ SB, minority, WO, etc. trade associations (list specific names)
- Contacts w/ business development organizations (list specific names)
- SB conferences, trade shows, workshops, seminars, training programs, etc. that you will attend or sponsor (specifically list which ones)

## **8. EQUITABLE OPPORTUNITY**

The following good faith efforts (internal and external) will be taken to assure that small business, veteran-owned small business, service-disabled veteran-owned small business, small disadvantaged business, women-owned small business, and HUBZone small business concerns will have an equitable opportunity to compete for subcontracts:



## 9) Flow-Down Clause



The offeror agrees that the FAR clause of this contract entitled “Utilization of Small Business Concerns” (52.219-8) will be included in all subcontracts which offer further subcontracting opportunities, and all subcontractors (except small business concerns) that receive subcontracts in excess of \$650,000 with further subcontracting possibilities will be required to adopt a subcontracting plan that complies with the requirements of this clause.

***NOTE: See exceptions listed in FAR 52.219-9(j).***

***See Also: FAR 52.219-9(d)(9) and 52.212-5(e)(1)(i)(C), Alternate II***

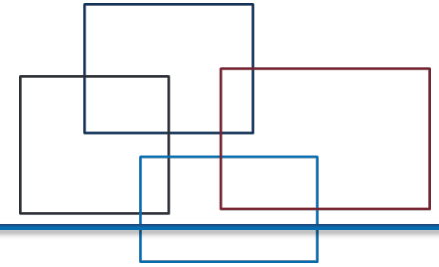
# 10) Reporting & Cooperation

“The offeror agrees to

- (i) Cooperate in any studies or surveys as may be required;
- (ii) Submit periodic reports so that the Government can determine the extent of compliance by the offeror with the subcontracting plan;
- (iii) Submit the Individual Subcontracting Report (ISR) and/or the Summary Subcontract Report (SSR), in accordance with the paragraph (l) of this clause using the Electronic Subcontracting Reporting System (eSRS) at <http://www.esrs.gov> ...”

\*Sections (iv) – (vi) refer to the responsibilities regarding subcontractors of the prime contractor ***Note: See exception in FAR 52.219-9(j).***

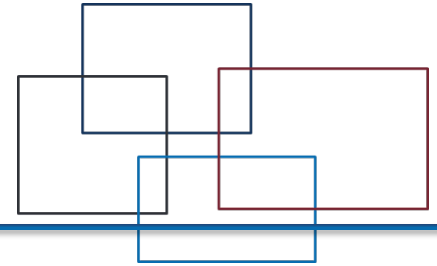
# 11) Recordkeeping



**“The following is a description of the types of records that will be maintained concerning procedures that have been adopted to comply with the requirements and goals in the plan, including establishing source lists; and a description of the offeror’s efforts to locate small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns and award subcontracts to them. The records shall include at least the following (on a plant-wide or company-wide basis, unless otherwise indicated) ...”**

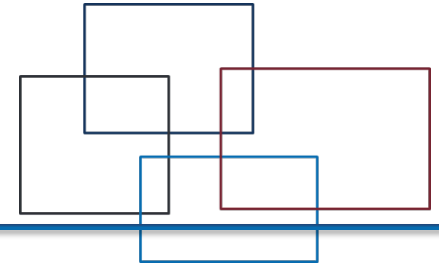
***\*You may certainly add to the specific list that follows the above paragraph, but you may not remove anything from the FAR specified list of required types of records.***

# Sections (9) – (11)



By signing the plan, you are agreeing to the text of these sections. The text was taken directly from FAR 52.219-9(d) so that the template would be in compliance with the FAR required components of an acceptable subcontracting plan. You may add to this language; however, you may not paraphrase or deviate from it such that it changes the intent of the FAR.

# Signature



You must provide a signed copy of the plan. We do not need an original copy. A scanned copy sent via e-mail is sufficient.

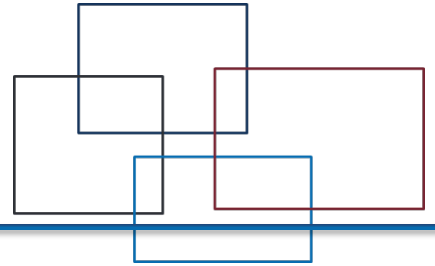
Signed: \_\_\_\_\_

Typed Name:

Title:



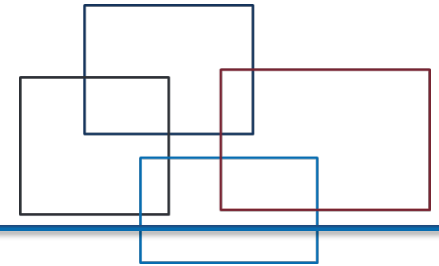
# Additional Documentation



Feel free to attach any documentation that you feel will support your plan and show your company's "good faith effort" in complying with plan requirements.

***\*Pay particular attention to next section regarding justification letters.***

# Comprehensive Table

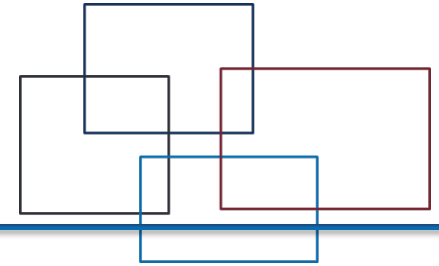


The table is to be used as a comprehensive snapshot of where you proposed that your company would be, where it landed, and where it is going with respect to subcontracting dollars. Please make sure that your prior year goals match your previous plan, and your current, proposed goals should match those listed in #1 and #2 of your plan template.

	Prior Year Goals	Prior Year Achievements*	Current Goals
Total Subcontracting Dollars +	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
Small Business Dollars	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
Small Business Percent	<input type="text"/> %	<input type="text"/> %	<input type="text"/> %

# 4. Justification Letter

# Justification Letter



A **justification letter** is required whenever you are proposing percentage goals that are less than your actual percentage achievements (the prior plan period) and/or when you are proposing percentage goals that are lower than the VA suggested goals in any category. Currently, those goals are as follows:

Small Businesses: 17.5%

Veteran-Owned Small Businesses: 5.0%

Service Disabled Veteran-Owned Small Businesses: 3.0%

Disadvantaged Small Businesses: 5.0%

Women-Owned Small Businesses: 5.0%

HUBZone Small Businesses: 3.0%

Visit the VA Office of Small & Disadvantaged Business Utilization for the current VA small business goals!

<http://www.va.gov/osdbu/library/accomplishments.asp>



U.S. Department of Veterans Affairs  
National Acquisition Center  
Federal Supply Schedule Service

# Justification Letter - Continued

Please be specific in explaining the challenges your company faces in meeting the VA's suggested goals. Address specific subcategories when applicable. Examples include:

FDA registration/approval

Quality control/technical requirements

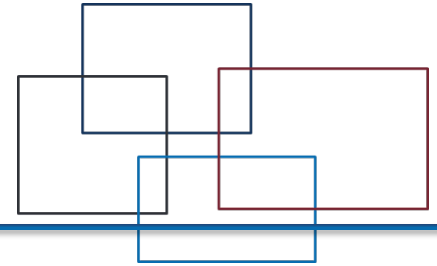
Buyer specifications

Prior SBs are now LBs; must search for new SBs

Proximity/Logistics – rural companies with few local SBs to meet needs

# 5. Quick Checks

# Quick Checks: Plan page 1



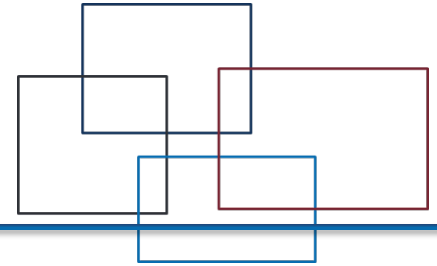
The following are checks to perform on your proposed plan to verify that it is ready for submission:

**Plan Period:** Does this reflect your company's fiscal year?

**Date Submitted:** If you made revisions to your plan, did you add the revised date to the plan?

**1) Type of Plan:** Do your total subcontracting dollars include spend with both large **and** small businesses?

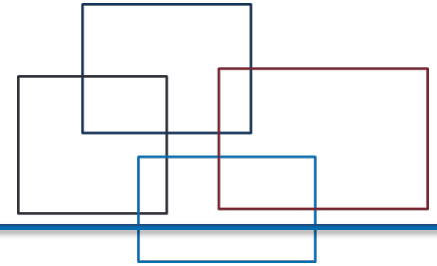
# Quick Checks: Plan #2 - #4



- 2) **Goals:** Did you include goals for **each** category (no zero goals permitted)? Did you divide your category dollars by the total subcontracting dollars to correctly arrive at the percentage?
- 3) **Products and/or Services:** Did you propose something for each category? Did you examine each category independently?
- 4) **Goal Development:** Did you properly answer the question providing the **method** you used to arrive at your actual goals?



# Quick Checks: Plan #5 - #6



- 5) **Identifying Potential Sources:** Did you list specific database resources that you are using?
- 6) **Indirect Costs:** Did you select “have” or “have not” (you **must** choose one)? If you selected “have not” and are filing an **individual** plan, did you answer the second question? The second question does not apply to commercial plans.
- 7) **Program Administrator:** Were you specific and comprehensive in listing the administrator’s duties?

# Quick Checks: Plan #8 - End

**8) Equitable Opportunity:** Did you list any of your company's proactive efforts to demonstrate a "good faith effort"?

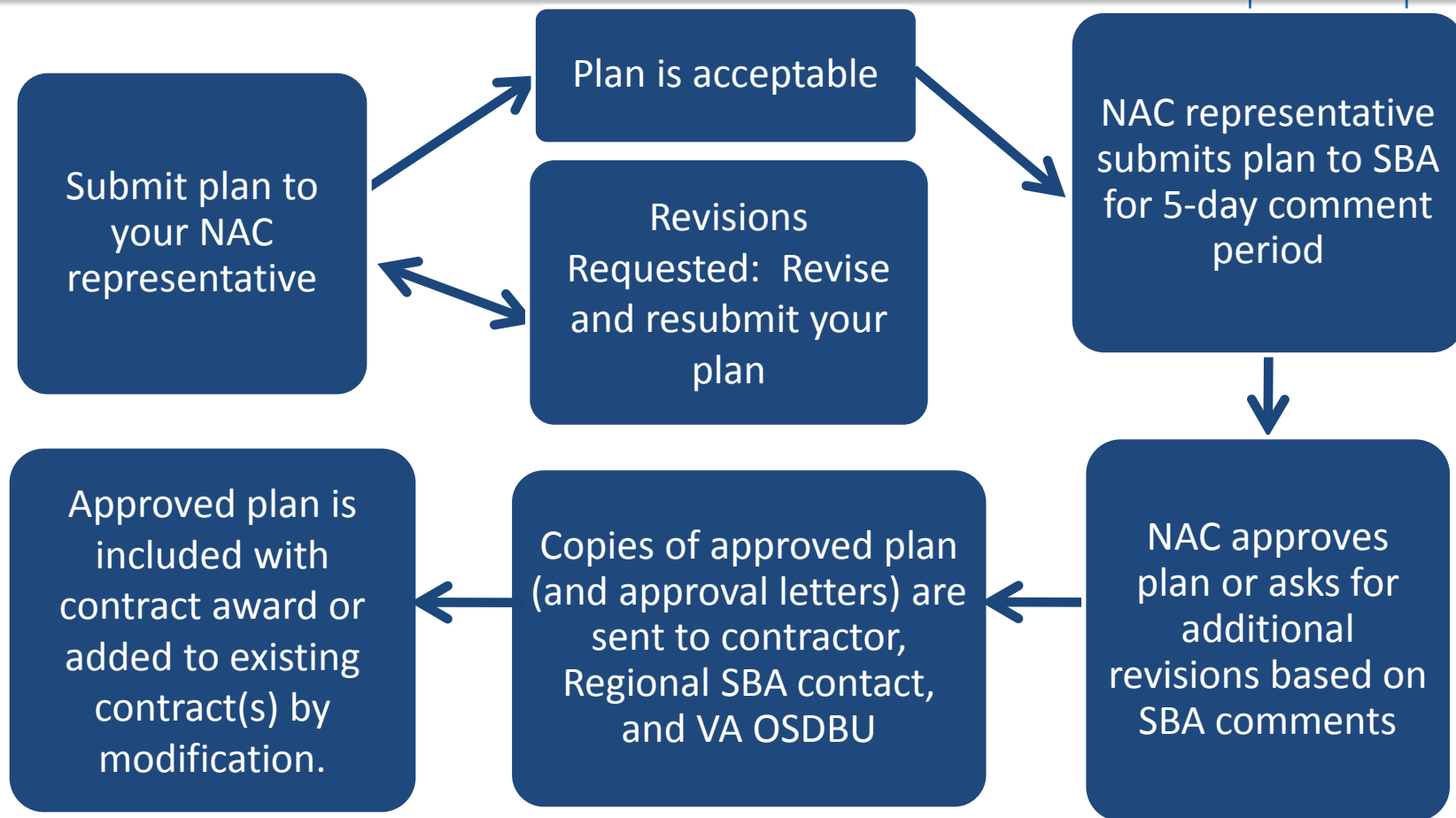
**Signature:** Did you provide a signed copy of the plan? A scanned copy is sufficient.

**Goals/Achievements Table:** Do your prior year goals match last year's plan? Do your current year goals match the goals listed in #2? If this is your first plan, you should not complete the first two columns.

**Justification Letter:** Did you provide a justification letter to explain any anomalies in your plan?

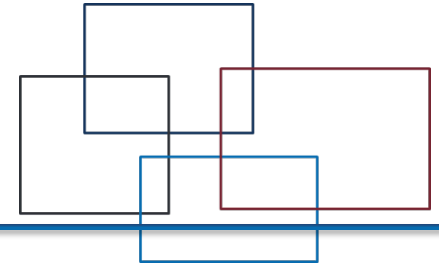
# 6. Review Process

# Review Process



# 7. Contacts

# NAC & PTAC Contacts



## Subcontracting Plan Reviewers

### FSS

Leo Washington at [SubcontractingVAFSS@va.gov](mailto:SubcontractingVAFSS@va.gov), 708-786-4940

### NCS Pharmaceutical Contracts

Teresa Hussain at [Teresa.Hussain@va.gov](mailto:Teresa.Hussain@va.gov), 708-786-5852

### All Other NCS Contracts

Your assigned Contract Specialist

## Other Plan Assistance

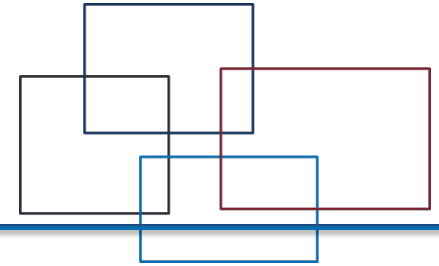
### Procurement Technical Assistance Centers (PTAC)

<http://www.aptac-us.org/new>



U.S. Department of Veterans Affairs  
National Acquisition Center  
*Federal Supply Schedule Service*

# SBA Regional Offices



**Area 1:** CT. MA. ME. NH. NJ. NY. RI. VT. PR. Virgin Islands

Ms. Janette Fasano (617)565-5622 [jannette.fasano@sba.gov](mailto:jannette.fasano@sba.gov)

**Area 2:** DC. DE. MD. PA. VA. WV

Mr. David W. Loines (202) 205-7311 [david.loines@sba.gov](mailto:david.loines@sba.gov)

**Area 3:** AL. FL. GA. KY. MS. NC. SC. TN

Ms. Joyce Thurmond (404) 331-7587 x202 [joyce.thurmond@sba.gov](mailto:joyce.thurmond@sba.gov)

**Area 4:** IN. IA. IL. KA. MI. MN. MO. ND. NE. OH. SD. WI

Ms. Pamela Beavers (312) 353-7381 [pamela.beavers@sba.gov](mailto:pamela.beavers@sba.gov)

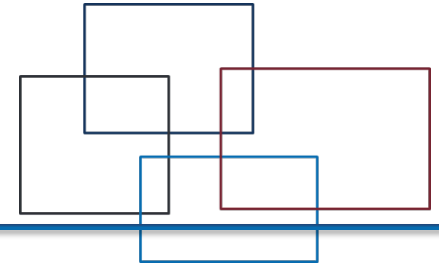
**Area 5:** AR. CO. LA. NM. OK. TX

Mr. Robert C. Taylor (817) 684-5302 [robert.c.taylor@sba.gov](mailto:robert.c.taylor@sba.gov)

**Area 6:** AK. AZ. CA. HI. ID. MT. NV. OR. UT. WA. WY. Guam

Mr. James Gambardella (415) 744-8429 [james.gambardella@sba.gov](mailto:james.gambardella@sba.gov)

# More Information

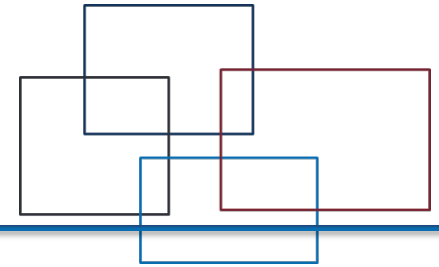


Website	Link
FSS Web Portal	<a href="http://www.fss.va.gov">http://www.fss.va.gov</a>
VA Schedule Programs	<a href="http://www.va.gov/oal/business/fss/schedules.asp">http://www.va.gov/oal/business/fss/schedules.asp</a>
Current Contractors	<a href="http://www.va.gov/oal/business/fss/contractors.asp">http://www.va.gov/oal/business/fss/contractors.asp</a>
Request for Modification Process	<a href="http://www.va.gov/oal/business/fss/rfmprocess.asp">http://www.va.gov/oal/business/fss/rfmprocess.asp</a>
Modification Forms	<a href="http://www.va.gov/oal/business/fss/modforms.asp">http://www.va.gov/oal/business/fss/modforms.asp</a>
Compliance	<a href="http://www.va.gov/oal/business/fss/compliance.asp">http://www.va.gov/oal/business/fss/compliance.asp</a>
Contractor Responsibilities	<a href="http://www.va.gov/oal/business/fss/responsibilities.asp">http://www.va.gov/oal/business/fss/responsibilities.asp</a>

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<http://www.fss.va.gov>